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BEFORE THE
SURFACE TRANSPORTATION BOARD

FINANCE DOCKET NO. 36873

UNION PACIFIC CORPORATION AND UNION PACIFIC RAILROAD COMPANY

--CONTROL--

NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY

COMMENTS OF NORTH CAROLINA POULTRY FEDERATION, NORTH CAROLINA EGG ASSOCIATION, AND NORTH CAROLINA PORK COUNCIL IN OPPOSITION TO THE PROPOSED MERGER

The North Carolina Poultry Federation, North Carolina Egg Association, and North Carolina Pork Council respectfully submit the attached comments in opposition to the proposed merger of Union Pacific Railroad Company and Norfolk Southern Railway Company in the above-captioned proceeding.

Dated: November 18, 2026

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Comments of North Carolina Poultry Federation, North Carolina Egg Association, and North Carolina Pork Council has been electronically filed with the Surface Transportation Board and served on all Parties of Record in accordance with 49 C.F.R. § 1104.12.

This the 18th day of November, 2026

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To: Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423

From: North Carolina Poultry Federation, North Carolina Egg Association, and North Carolina Pork Council

Date: November 18, 2026

RE: DOCKET FD 36873 Proposed merger between the Union Pacific (UP) and Norfolk Southern (NS) Railroads

Dear Chairman Fuchs, Vice-Chair Schultz, and Members Hedlund and Kloster:

North Carolina's poultry and pork industries respectfully oppose the proposed merger between the Union Pacific Railroad Company (UP) and the Norfolk Southern Railway Company (NS) due to the disproportionate risks it presents to rail-dependent agricultural shippers, animal welfare, rural economies, and food production. Poultry and pork production in North Carolina depends on a continuous flow of rail-delivered grain and other feed ingredients and lacks economically viable transportation alternatives. As one of the nation's leading poultry and pork producing states, North Carolina relies on safe, reliable, and competitively priced rail service to support its feed supply chain, sustain agricultural employment, and ensure the efficient production of food. Any reduction in competition or deterioration in rail service would have consequences extending well beyond individual shippers to poultry and pork growers, processors, consumers, and rural communities throughout the state.

Importance of Poultry and Pork to North Carolina

Poultry is North Carolina's largest agricultural sector, accounting for approximately 40 percent of the state's total farm economy. The industry supports more than 140,000 direct, indirect, and induced jobs and generates nearly $45 billion in annual economic activity[1]. Pork is North Carolina's second largest agricultural sector, supporting more than 42,000 direct, indirect and induced jobs and generating $10.8 billion in annual economic activity[2]. Poultry and pork production is concentrated in rural communities where it is a large private employer and economic anchor.

Livestock, dairy, and poultry account for nearly 74 percent of North Carolina farm cash receipts, with broiler production alone representing 40 percent of total farm receipts[3]. Many North Carolina farms raise both poultry and hogs, so any feed availability problem that affects one industry negatively affects the other. Consequently, any disruption to poultry and pork production therefore carries significant consequences for rural employment, tax revenues, food production, and economic stability.

North Carolina Poultry and Pork's Dependence on Rail Transportation

[1] US Poultry & Egg Association's 2024 Economic Impact Study – North Carolina Impact Report – www.poultryfeedsamerica.org
[2] Summary of 2025 update of 2019 NC Pigs and Pork Sector Economic Impacts. Dr. Kelly Zering, Professor, Dept. of Agricultural and Resource Economics, North Carolina State University. February 2025.
[3] National Agriculture Statistics Service – 2025 North Carolina Agriculture Statistics (NC Ag Stat Book) – https://www.nass.usda.gov/sites/default/files/Statistics_by_State/North_Carolina/Publications/Annual_Statistical_Bulletin/AgStat/NCAgStatBook.pdf

North Carolina poultry and pork production is structurally dependent on rail transportation for feed grain and feed ingredient deliveries.

- Feed represents approximately 70 percent of the live-production cost of poultry[4] and approximately 60% of the live-production cost of pork.
- Approximately 70 percent of poultry feed, and up to 85% of hog feed, consists of grain products, primarily corn and soybean meal[3].
- Most of these commodities originate in the Midwest and are delivered to North Carolina by rail[5].

In 2025, North Carolina needed a total of 9.8 million short tons of grain products to feed its livestock and poultry industries[3], which roughly equates to 350 million bushels. For that same year, North Carolina needed 5-6 times more grain and grain products than it produced, only producing 70 million bushels (~2 million short tons) of its own corn[3], and importing an estimated 350 million bushels of grain[6], feedstuffs, and other bulk ingredients to meet feed demand with the vast majority of this volume moved by rail from Midwestern origins.

Based on current operating patterns, North Carolina poultry and pork feed operations depend upon approximately 26 grain unit trains per week[5]. Assuming average train lengths of 85 railcars and approximately 42 weeks of annual service[6], the industry's feed supply chain depends upon roughly 2,100 train movements[5], counting loaded and empty movements, and more than 92,000 loaded railcars annually[5]. These volumes support poultry and pork production throughout the state and underscore these industries' reliance on reliable rail transportation.

This dependence is not optional. Poultry and pork producers as well as feed manufacturers have invested billions of dollars in facilities designed around bulk rail delivery systems, creating a supply chain that depends upon uninterrupted rail service.

Grain Transportation Contracting Practices, Equipment Allocation, and Service Standards

The proposed merger would combine two railroads that currently serve the grain and feed supply chain under fundamentally different commercial and operating models that provide competition and flexibility. These differences extend well beyond the movement of railcars and have shaped how grain is marketed, procured, and distributed throughout the southeastern United States.

Under the current Norfolk Southern model, feed manufacturers and end users negotiate annual transportation rates tied to specific origin-to-destination lanes. Equipment is allocated through brokers who manage utilization across multiple customers, providing flexibility to reposition equipment and respond to changing demand conditions. This structure supports efficient grain movement to feed mills and allows end users to address temporary supply imbalances, particularly during local grain harvest, without disrupting service.

[4] Industry aggregated information gathered from members.
[5] North Carolina Railroad Company provided data from the 2025 marketing year combined with industry aggregated information gathered from members. Basic assumptions: 1 rail car = ~3800 bushels, 1 rail car = ~4 semi-truckloads, 1 unit train is currently 85 cars. For 2025: 9.8 million short tons of grain needed, 2 million short tons produced locally, 7 million short tons imported grain, 1 million additional short tons of other imported feedstuffs and bulk ingredients.
[6] Industry aggregated information gathered from members, assuming a locally harvested grain supply of approximately ten weeks annually.

Union Pacific, by contrast, generally operates under an origin-controlled commercial model in which grain shippers negotiate rates directly with the railroad and market delivered grain to end users. UP also utilizes capacity auctions during periods of constrained demand for equipment, introducing an additional cost layer that can materially affect grain procurement decisions. As a result, end users have less direct influence over transportation pricing and equipment access.

While the merger application emphasizes network efficiencies, it does not adequately address how these fundamentally different business models will be maintained or harmonized or the consequences for existing customers. If the combined railroad adopts the UP approach across the network, southeastern feed manufacturers could lose longstanding rate-negotiation rights, flexible equipment allocation mechanisms, and other commercial arrangements that currently support reliable grain supply. Such a shift would represent a significant restructuring of the grain transportation marketplace rather than merely a consolidation of rail operations.

Train-size standards present an additional concern. UP's shuttle program currently requires a 115-car minimum train, while Norfolk Southern only recently transitioned to 105-car service. Many southeastern grain receivers have invested substantial capital in track infrastructure, unloading systems, and facility layouts designed specifically around existing NS service requirements. A future requirement to accommodate longer trains could force additional capital expenditures, reduce the number of facilities capable of receiving unit trains, or eliminate unit-train service options altogether for certain locations.

These concerns go directly to the Board's public-interest analysis. The proposed merger should not be permitted to erode competitive transportation options, reduce commercial flexibility, or impose significant new infrastructure costs on existing rail customers without clear and demonstrable public benefits. At a minimum, the Board should consider protective conditions that preserve existing end-user rate-negotiation rights, maintain current equipment-allocation practices serving southeastern feed lanes, and prohibit unilateral changes to train-size requirements that would force additional investments by existing customers. Such protections are necessary to ensure that the merger does not fundamentally alter the grain movement landscape in a manner that disadvantages shippers, feed manufacturers, and ultimately American agricultural producers and consumers.

Lack of Practical Transportation Alternatives

North Carolina poultry and pork producers as well as feed manufacturers are effectively captive rail shippers because practical modal substitutes do not exist at the scale required to support feed demand.

Truck Transportation Is Not a Feasible Alternative

Trucking bulk grain generally costs more than twice as much as rail transportation on a per-ton-mile basis. Replacing even a single 85-car grain shuttle train would require roughly 340 truckloads[5], while replacing the industries' weekly rail volume would require nearly nine thousand additional truck movements per week[5]. The truck capacity, equipment availability, and driver workforce needed to support such a transition do not currently exist.

Moreover, a large-scale shift to trucking would increase transportation costs, highway congestion, infrastructure wear, fuel consumption, and delivery uncertainty while reducing overall supply chain efficiency.

Waterborne Transportation Provides Limited Relief

The Port of Wilmington is an important transportation asset, but waterborne transportation cannot fully replace existing rail-served grain supply corridors. Grain arriving through coastal facilities must still be distributed inland, often requiring rail

service or prohibitively expensive truck transportation. Significant infrastructure investments and supply-chain restructuring would be necessary to replace existing rail-dependent grain movements.

Intermodal Transportation Is Not a Practical Solution

Intermodal transportation is optimized for containerized freight rather than bulk agricultural commodities. Most North Carolina feed mills are designed to receive covered hopper-bottomed trucks and railcars rather than containers, and conversion to intermodal systems would introduce additional handling costs, delays, and operational complexity. Consequently, intermodal transportation may supplement certain niche movements but cannot realistically replace the bulk grain volumes required by North Carolina's poultry industry.

Rail Service Is Indispensable

Because trucking, waterborne transportation, and intermodal transportation all face substantial economic and operational limitations, North Carolina poultry and pork producers remain highly dependent upon rail service and have little ability to constrain rail carrier pricing and service decisions through competitive alternatives.

Merger-Related Risks to North Carolina Poultry and Pork

The proposed UP-NS merger would further concentrate control over grain transportation networks while reducing competitive routing options that currently help constrain rates and maintain service quality. According to USDA and Surface Transportation Board data cited in this filing, the combined railroad would account for more than one-third of grain rail movements nationwide.

The merger presents five primary risks:

Loss of Competitive Access

Elimination of existing routing and interchange options would reduce competition and remove important rate and service checks that currently create fair negotiations for agricultural shippers.

Increased Market Power Over Captive Shippers

Poultry and pork companies, and their associated feed mills, have limited alternatives and would become increasingly vulnerable to higher transportation costs and degraded service quality.

Service Reliability Risks

Poultry and pork production operates on a just-in-time, continuous feed supply and delivery model. Delays in grain shipments can quickly escalate into animal welfare concerns, production disruptions, and substantial economic losses. Unlike manufacturing operations, livestock production systems cannot suspend operations while transportation issues are resolved.

Infrastructure Compatibility Concerns

Norfolk Southern's existing 85-car train programs and CSX's 90-car train programs align with the physical capabilities of many North Carolina feed facilities. Norfolk Southern's current transition to a 105-car program strains existing infrastructure for both feed mills and certain short-line connections[4]. Union Pacific's 115-car minimum operating model may create infrastructure challenges, especially in western North Carolina, potentially leading to higher costs, operational inefficiencies,

and reduced service flexibility. Applicants have not affirmatively demonstrated that existing grain-receiving facilities on NS-served poultry corridors can continue to be served under current operating patterns without additional investments by shippers.

Fear of Retaliation

Comments made recently by Union Pacific CEO, Jim Vena, suggesting that shippers may face higher rates for opposing the proposed UP-NS merger are contrary to the principles of transparency, due process, and meaningful stakeholder engagement. The STB's review process depends on participants being able to express their views without fear of retaliation, ensuring that merger decisions are based on a complete and unbiased record.

Public Interest Concerns Under 49 U.S.C. § 11324

From the perspective of North Carolina poultry and pork producers, the proposed transaction raises significant public-interest concerns, including:

- Increased market power over captive agricultural shippers.
- Reduced competitive routing opportunities.
- Heightened risk of service degradation during and after integration.
- Greater exposure to rate increases.
- Increased vulnerability of critical food and feed supply chains.
- Enhanced animal welfare risks associated with feed interruptions.
- Potential adverse impacts on rural communities and employment.

Absent enforceable protections, the costs and risks of consolidation would be disproportionately borne by farmers, feed manufacturers, poultry and pork producers, consumers, and rural communities.

Required Conditions for Any Merger Approval to Protect North Carolina Poultry, Pork and Feed Supply Chains

The North Carolina poultry and pork industries respectfully submit that, should the Surface Transportation Board determine that the proposed Union Pacific-Norfolk Southern transaction warrants further consideration, the Board should condition any approval on a comprehensive package of enforceable protections designed to preserve competition, service quality, and feed supply reliability for North Carolina agricultural interests. These conditions are necessary because North Carolina poultry and pork producers are highly dependent on rail-delivered grain and feed ingredients, with the industries receiving approximately twenty-six-unit grain trains per week during the 2025 marketing year. Assuming average train lengths of approximately 85 railcars and roughly 42 weeks of annual service[6], this represents approximately 92,000 railcar movements[5] supporting poultry and pork feed production and food security throughout the state. This traffic base is essential to sustaining industries that contribute nearly $56 billion in economic activity and support more than 182,000 jobs statewide[12].

1. Service Guarantees

The merged carrier should be required to maintain service levels for North Carolina agricultural customers at or above pre-merger standards for a minimum period of five years following consummation of the transaction.

Required protections should include:

- Measurable standards for train velocity, terminal dwell, car-cycle performance, car supply, and on-time delivery.
- Preservation of agricultural service programs currently available to North Carolina feed mills.
    - Maintenance of commercially important contracts and equipment allocations.
    - Avoiding required train-size or service changes that would necessitate new capital expenditures by existing customers.
- Dedicated agricultural customer-service personnel with decision-making authority serving the Southeast region.
- A prohibition against reducing customer-service capabilities through workforce consolidation or relocation unless equivalent staffing levels and response capabilities are maintained.
- Expedited complaint and dispute-resolution procedures for agricultural shippers experiencing service failures.
- Corrective-action requirements when service metrics fall below established thresholds.

Particular attention should be given to Union Pacific's stated intent to centralize service functions in Omaha. The Board should ensure that customer-facing positions serving North Carolina agricultural interests remain adequately staffed and capable of providing timely support regardless of employee relocation decisions.

2. Agricultural Supply Chain Protections

The Board should require safeguards ensuring uninterrupted movement of grain, soybean meal, distillers grains, and other feed ingredients critical to livestock and poultry production.

These safeguards should include:

- Preserve existing grain-shuttle and unit-train programs.
- Preserve end-user rate-negotiation rights.
- Maintain current equipment-allocation practices for southeastern feed markets.
- Prohibit capacity-allocation changes that increase costs or reduce equipment access.
- Require STB approval for changes to train-size requirements, shuttle programs, or facility service standards.

3. Gateway Protections

Because competitive gateways provide critical access to Midwestern grain origins, the Board should require the merged carrier to preserve all existing interchange arrangements and opportunities, alternative routings, and commercially reasonable gateway access.

Conditions should include:

- Maintenance of current interchange arrangements serving agricultural traffic.
- Protection against closure, downgrading, or operational restrictions at key gateways without Board approval.

- Non-discriminatory handling of traffic originating on competing railroads.
- Protection against strikes, lockouts, work stoppages or other labor disputes against the rail service provider.
- Protection or control of price or rate increases resulting from the proposed merger.
- Preservation of routing options currently available to North Carolina grain shippers and receivers.
- Performance standards governing interchange efficiency and gateway service levels.

4. Competitive Access Protections

North Carolina poultry and pork integrators and feed manufacturers are captive rail customers with few practical alternatives. The Board should therefore require enhanced competitive protections.

Such protections should include:

- Enhance rate oversight for captive agricultural shippers.
- Preserve end-user rate-negotiation rights.
- Maintain existing grain sourcing and transportation options.
- Prohibit commercial practices that disadvantage agricultural customers.

5. Port of Wilmington Protections

The Board should ensure that the transaction does not diminish the competitiveness of the Port of Wilmington as a strategic transportation asset for North Carolina agriculture and agribusiness.

Conditions should include:

- Maintenance and enhancement of rail service supporting Port of Wilmington traffic.
- Equal treatment of Wilmington relative to competing ports.
- Preservation of rail access arrangements serving port customers.
- Prohibitions against pricing or service practices that divert rail traffic away from Wilmington.
- Continued infrastructure investment supporting rail-port connectivity.

6. Performance Reporting Requirements

The merged railroad should provide transparent, public reporting of North Carolina-specific service metrics to permit meaningful oversight.

Reporting should include:

- Agricultural train performance.
- Transit times and train velocity.
- Car-order fulfillment rates.
- Dwell times.

- Grain-shuttle performance.
- Service interruptions and embargoes.
- Customer complaints and resolution outcomes.

Such reports should be filed quarterly and made publicly available for a minimum of five years following merger approval.

7. Independent Monitoring and Enforcement

To ensure compliance with merger commitments, the Board should establish independent oversight mechanisms.

These provisions should include:

- Appoint an independent monitoring trustee approved by the Board.
- Conduct annual audits of agricultural service commitments.
- Conduct annual reviews of agricultural transportation and commercial practices.
- Preserve competitive grain sourcing and transportation options.
- Require STB approval for material changes to agricultural service or contracting practices.
- Provide a formal process for agricultural stakeholders to report service concerns.
- Require corrective-action plans for identified compliance deficiencies.
- Impose penalties or other remedies for repeated non-compliance.
- Establish service standards and expedited review procedures for dealing with supply disruptions threatening feed supplies, livestock welfare, or poultry production.

Requested STB Finding

Given the captive nature of North Carolina's poultry and pork feed supply network, the volume of rail-dependent grain movements supporting the industries, and the severe animal welfare and economic risks associated with even short-term service disruptions, the North Carolina Poultry Federation, North Carolina Egg Association, and the North Carolina Pork Council respectfully urge the Surface Transportation Board to reject the proposed transaction unless these protections are incorporated as enforceable conditions of approval. The public-interest standard established by 49 U.S.C. § 11324 requires more than generalized assurances of future service performance; it requires concrete, measurable, and enforceable protections for those agricultural shippers that would bear the greatest risks of consolidation.

Alternative Transportation Modes Are Not a Practical Substitute for Rail

The North Carolina poultry and pork industries' dependence on rail is not merely a matter of transportation preference; it is the result of scale, geography, infrastructure investment, and economics. As previously stated, North Carolina imported approximately 350 million bushels[5] of grain and other feed ingredients during the 2025 marketing year, with nearly all of this moving by rail from Midwestern origins[45]. These industries' feed supply chains have developed around this reality, making modal substitutions extremely limited.

Truck Transportation Is Not a Viable Replacement

Truck transportation cannot realistically absorb the volume of grain currently supplied by rail. A single 85-car grain shuttle train can move the equivalent of approximately 340 truckloads of grain[5]. With North Carolina poultry feed operations receiving approximately 20-unit trains per week[5] and pork feeding operations receiving approximately six-unit trains per week, replacing rail service would require thousands of additional truck movements on a sustained basis throughout the year.

Such a shift would face several constraints:

- Significantly higher transportation costs per ton-mile.
- Insufficient availability of qualified drivers and specialized grain-hauling equipment.
- Increased highway congestion and infrastructure wear.
- Greater exposure to fuel-price volatility and weather disruptions.
- Longer and less predictable delivery times.

Most importantly, trucking lacks the scale necessary to reliably replace unit-train movements serving large feed mills. Even temporary rail disruptions can strain available truck capacity; replacing rail as a primary mode would simply be infeasible. Trucking bulk grain generally costs more than twice as much as rail on a per-ton-mile basis and the truck capacity required to replace rail service does not exist.

Waterborne and Port Alternatives Offer Limited Relief

While the Port of Wilmington provides important transportation options, waterborne transportation is not a comprehensive substitute for rail. Grain imported through ports must still be distributed inland to feed mills, many of which remain dependent on rail connections or would face prohibitively expensive truck movements from coastal locations.

Moreover, port infrastructure and vessel schedules are not designed to replace the steady flow of Midwestern grain currently supplied through established rail corridors. Any substantial shift toward waterborne sourcing would require major infrastructure investments, new supply-chain arrangements, and increased handling costs. In addition to these, federal policy shifts would be needed to make the port sustainably viable as a domestic grain destination. Inland poultry producers would remain dependent on rail transportation even when imported or barge-delivered grain is available.

Opportunities for Increased Intermodal Transportation Are Limited

Intermodal transportation is also unlikely to provide a meaningful alternative for feed-grain movements. Intermodal networks are optimized for containerized freight rather than high-volume bulk agricultural commodities. Corn, soybean meal, and other feed ingredients generally move most efficiently in dedicated covered hopper railcars rather than shipping containers.

Several practical barriers limit intermodal expansion:

- Most feed mills are designed to unload bulk hopper railcars and trucks, not containers.
- Grain transloading would add handling steps, costs, and delivery delays.
- Container availability in agricultural lanes is inconsistent.
- Feed delivery systems require continuous, high-volume movement rather than fragmented container shipments.

- Intermodal service generally cannot match the economics of bulk unit-train transportation.

Consequently, intermodal service should be viewed as a niche supplement for specialty products rather than a viable replacement for the bulk grain volumes required to sustain North Carolina poultry and pork production.

Requested Board Action

The Board should carefully evaluate not only the operational impacts of the proposed merger, but also the significant commercial and logistical changes it could impose on the grain supply chain. The merger would combine two railroads that currently operate under fundamentally different grain transportation models, creating substantial uncertainty regarding future rate structures, equipment allocation practices, train-size requirements, and customer access to rail service. If the combined railroad adopts Union Pacific's commercial model, southeastern feed manufacturers could lose direct rate-negotiation rights, flexible broker-managed equipment allocation, and other commercial arrangements that today support efficient grain movement and supply-chain resilience. Such changes would fundamentally reshape grain procurement and distribution practices across the Southeast, concentrating market power and limiting customer flexibility.

Accordingly, North Carolina poultry and pork producers respectfully urge the Surface Transportation Board to reject the proposed Union Pacific-Norfolk Southern merger unless clear, measurable, and enforceable protections are adopted to preserve competition, maintain service reliability, protect captive agricultural shippers, and safeguard the feed supply chain upon which North Carolina's poultry and pork industries depend. Given the industries' reliance on approximately 92,000 annual railcar movements and the absence of practical alternative transportation modes, generalized assurances are insufficient. Any approval should include binding conditions that preserve existing end-user rate-negotiation rights, maintain current equipment-allocation practices serving southeastern feed markets, protect existing train-size standards, and ensure that North Carolina agriculture does not bear the costs, risks, and adverse competitive impacts of consolidation. Ultimately, the public interest is not served if merger-related efficiencies are achieved at the expense of competition, transparency, supply-chain flexibility, and the long-term viability of one of North Carolina's most important agricultural industries.

Please do not hesitate to contact us for follow-up or questions.

Respectfully Submitted,

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